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September 1, 2004

MEDICAID MANUAL (ESS Policy Manual, VOLUME II) TRANSMITTAL NO. 12

TO: County Departments of Family and Children
Services State DFCS Staff

FROM: Janet R. Oliva, Ph.D., Director
Division of Family and Children Services

RE: Qualified Income Trusts, Changes to Policy as a result of the Elimination of the
Institutionalized Medically Needy Program and Clarification on Miscellaneous Policy

PURPOSE: This manual transmittal contains policy updates and clarifications received since the last
transmittal. It provides new policy on Qualified Income Trusts. Policy clarified includes
couple budgeting and treatment of home place.

DISCUSSION:

2407 – New Section on Qualified Income Trusts.

Appendix F – Adds the three Qualified Income Trust (QIT) templates approved by the Department of
Community Health (DCH), the QIT Certification, Trustee Guide, QIT Worksheet and a Cover Letter to
use with deviate QITs sent to DCH Legal for review.

Family Medicaid – No updates in this transmittal.

Children in Placement – ICAMA Member and Non-Member Contact Lists updated as of 08/10/04.
Clarified policy regarding referrals of absent parents to Child Support Enforcement, and that a child may
be eligible for IV-E Adoption Assistance even if they were never in DFCS custody. Standardizes
references to the eligibility worker to read “Revenue Maximization MES” throughout Sections updated.

ABD – This transmittal deals primarily with the policy changes as a result of the change in the Medicaid
State Plan. Institutionalized Medically Needy has been eliminated as a class of assistance effective
September 1, 2004. Applicants/Recipients who are institutionalized and whose income is over the
Medicaid Cap have the option to establish and fund a QIT. Monies placed in a QIT are not considered in
the eligibility budget. Policy regarding home place property has been clarified regarding when to count a
vacant home place as a countable resource.

Specific changes to the Sections are discussed briefly under the Comments Section below.

Manual Transmittal 12 includes information found in Medicaid e-mails numbered through 04-36.

UPDATES:

Section	Instructions for Manual Maintenance	Comment
2060	Remove and Replace	Page 1 – reworded last paragraph before “Procedures”. Page 4 - Added QIT forms to "Other Required Actions"; Page 7 – Chart 2060.1, removed parenthesis, 1 st block after LA-D and added AMN, 2 nd block, removed AMN; Page 9 - Removed AMN NH/IH from chart
2135	Remove and Replace	Page 1 - Removed AMN NH/Hospice care, last sentence. Added new paragraph before last one regarding not putting A/Rs with SSI only income in SUCCESS
2151	Remove in its entirety	Section on Institutionalized Medically Needy removed due to State Plan change effective 09/01/04.
2230	Remove and Replace	Page 4 - Under "Trusts and Other Legal Documents", added where to send QITs
2316	Remove and Replace	Page 2 – Under “Absence from HP for A/Rs in LA-D”, 1 st paragraph, deleted “will be exempt”. Note changed from “excluded as a” to “uncounted”. Added sentence, “However, the HP will be designated as a countable resource if and when the HP is no longer in A/R’s name”. Under “Absence from Out of State HP”, added “or if A/R resides in LA-D”. Page 3 – “Special Considerations”, changed wording “...to qualify for or continue to qualify for Medicaid...”. Added “Undue hardship may apply”. Added reference to Section 2304
2337	Remove and Replace	Page 2 - Referenced QIT to Section 2407 in Income
2399	Remove and Replace	Added QIT to the resource chart
2407	Insert after Section 2405	New Section on Qualified Income Trusts
2499	Remove and Replace	Added QIT to income chart
2502	Remove and Replace	Page 1 - updated definition of community spouse; Page 2 – Added reference to Section 2510-2 in paragraph above “Exception”. Removed references to AMN NH/IH throughout.
2503	Remove and Replace	Page 2 – “Income Eligibility”, added sentence that in some instances a Couple Medicaid Cap budget is appropriate. Page 3 - third block, added "IH" to heading under "Spouse B", changed last sentence of 2nd and 3rd block to read "Complete a Medicaid Cap budget for A/Rs whose income is under the CAP or who have established a QIT"; Page 5 - 1st block, same as page 3 heading, 1 st and 2 nd block, added “or who have established a QIT; Page 6 - 1st block, added statement on how to handle eligibility for Q- track if over income as a couple. On various pages under Spouse A Q-track added "No Medicare" after statement "If Spouse B is not Q-track eligible...", 1st block, added "or who have established a QIT"; Page 7 - top of page, Spouse B, changed heading to "AMN (S99) in NH/Hospice in NH", changed resources to use AMN couple limit 1st month, individual thereafter, changed income to "Spouse to Spouse deeming mo. of admission. Individual AMN budget afterwards, 2nd block, added "or who have established a QIT"
2510	Remove and Replace	Page 1 - added to Exception reference to Section 2150, VP not covered and AMN NH/IH no longer a COA as of 01/01/04. Don't count income put in QIT in the Medicaid Cap budget. Step 1, NOTE, added sentence to not include income put into QIT, Step 2, 2nd paragraph of NOTE reworded; Page 2 - added new paragraph to NOTE for those whose income exceeds the CAP, 3rd bullet, added instructions to not include income in QIT

2551	Remove and Replace	Page 1 - Added IH to 1st bullet, removed last bullet referring to AMN NH, 1st paragraph of NOTE, reworded to satisfy all LA-D A/Rs. Page 2 - Reworded 1st paragraph by adding sentence on A/Rs over CAP; reference to Appendix I for reconciliation added to last sentence. Corrected section number for reference, last paragraph.
2552	Remove and Replace	Page 1 – Removed \$40 State Work Therapy as an allowable deduction. Page 2 - Under "Medicare Premium Deduction", deleted 3rd paragraph referring to AMN NH.
2554	Remove and Replace	Page 1 - Add IH to policy statement and 1st sentence under "Basic Considerations". Added to 2nd paragraph under "Basic Considerations" sentence "Income placed in a QIT may be used for diversion to community spouse and/or dependent family member. Page 3 – Last paragraph, added reference to Appendix I.
2557	Remove and Replace	Page 1 – “Basic Considerations”, removed phrase end of 1 st paragraph on AMN/NH. Page 2 - Step 1, added sentence "include income put into a QIT", Page 3 – 1 st paragraph, added reference to Appendix I, “Reconciliations” Step 1, added "including income put into a QIT", Page 5 - Step 2, added "including income placed in a QIT".
2558	Remove and Replace	Page 1 - 2nd paragraph, under Procedures, reworded, adding "10 days remaining in month"
2559	Remove and Replace	Page 1 - deleted 1st paragraph in Step 2, removed 2nd bullet referring to removal of Medicare premium since this is done automatically now, Step 3 - added sentence that PL/CS shouldn't exceed monthly Medicaid billing rate. Page 2 - Added new paragraph for "A/Rs Income Exceeds the Medicaid Cap"
2576	Remove and Replace	Page 1 - Under "Policy Statement", changed word "can" to "may" and "cover" to "defray". Added 2nd paragraph to "Policy Statement" that A/Rs over the Cap may be AMN (S99) if there is no QIT. Page 2 - Chart 2576.1, 1st block, added "whose income is under the Medicaid Cap". 2nd block, added sentence "and meet all eligibility criteria". Page 3 – added 3 rd bullet under “Notification” for decrease in PL.
2801	Remove and Replace	Pages 1 & 2 – replaced all references to MES and EW with Revenue Maximization MES to standardize policy wording. Page 2 – Under “EW Responsibilities”, added bullet – refers the absent parent (s) to CSE when appropriate. Refer to Section 2851, Child Support Referrals, for exception criteria.
2810	Remove and Replace	Page 2 – Mandatory Forms – added bullet to include Form 122 and reference to Section 2851. Page 4 – Procedures – Changed Step 5 to Step 6 and changed Step 5 to read: The Revenue Maximization MES completes Form 122, Foster Care Referral Form, and forwards to CSE when applicable. Refer to Section 2851, Child Support Referrals, for exception criteria. A copy is maintained for the eligibility record and a copy is forwarded to the SSCM. Standardizes reference to Revenue Maximization MES through the Section.
2812	Remove and Replace	Page 2 – Mandatory Forms – added Form 122 and referenced Section 2851; Page 3 – Procedures – Changed Step 5 to Step 6 and Changed Step 5 to same as Step 5 in Section 2810, except that a copy is sent to the JPPS instead of an SSCM.
2815	Remove and Replace	Page 4 – Step 5 now reads: Refer the absent parent(s) to CSE on Form 122, Foster Care Referral Form. Mail or fax the form to the local CSE office.
2817	Remove and Replace	Page 1 – Basic Considerations: Added, “A child does not have to have been in DFCS custody to be eligible for IV-E Adoption Assistance. Standardized reference to Revenue Maximization MES throughout the Section.

2851	Remove and Replace	Page 1 – Basic Considerations – Clarifies that the Revenue Maximization MES makes the referral to CSE based on information obtained from the SSCM.
2890	Remove and Replace	Page 2 – Basic Eligibility Criteria – Replaced County DFCS Director with County Director/County Program Director. Procedures: clarifies that a face-to-face interview is not required.
Appendix F	Insert Forms	Added three QIT templates, QIT Certification, Trustee Guide, and QIT FAQ/Worksheet. Also added Approved Format Deviation Form, Spanish versions of the 94 and 95, IME Pricing Document and IME Query Form. Revised Form 968 by deleting lines 12 & 13, revised Form 942, ICAMA Member List, ICAMA Non-Member List. TOC Updated to add new forms and reflect new revision dates.
Appendix G	Insert in front of MT 11 Cover Letter	Adds Cover Letter for MT 12.
Appendix I	Remove and Replace	Page 12 – Added how to process L01 cases with QITs.
TOC Main	Remove and Replace	Deleted Section 2151, Added Section 2407
2100 TOC	Remove and Replace	Deletes Section 2151
2400 TOC	Remove and Replace	Added Section 2407
2800 TOC	Remove and Replace	Adds Section 2851 (omitted in error from MT 11)

Pen and Ink Changes:

Update the Record of Receipt of Manual Transmittals for ESS Policy Manual Volume 2, Medicaid.